

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Michael Morgan, a member of the Camarillo City Council, was an unsuccessful candidate for the Ventura County Board of Supervisors in the election held on November 7, 2000. Respondent Morgan for Supervisor (“the Committee”) was the controlled committee of Respondent Morgan. Respondent Donna Morgan served as treasurer of Respondent Committee. In this matter, Respondents failed to timely file a semi-annual campaign statement by July 31, 2001, for the reporting period January 1 through June 30, 2001.

For the purposes of this stipulation, Respondents’ violation of the Political Reform Act (the “Act”)<sup>1</sup> is stated as follows:

Respondents Michael Morgan, Morgan for Supervisor, and Donna Morgan failed to file a semi-annual campaign statement by July 31, 2001, for the reporting period January 1 through June 30, 2001, in violation of Government Code section 84200, subdivision (a).

### **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns be fully and truthfully disclosed, in order for voters to be fully informed and improper practices inhibited. To that end, the Act sets forth a comprehensive campaign reporting system.

Section 82013, subdivision (a) defines a “committee” as any person or combination of persons who directly or indirectly receives contributions totaling \$1,000 or more in a calendar year. This type of committee is commonly referred to as a “recipient” committee. Under section 82016, subdivision (a), a recipient committee that is controlled directly or indirectly by a candidate is a “controlled committee.”

Section 84200 requires candidates and their controlled committees to file two semi-annual campaign statements each year. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year. After an election, a losing candidate may terminate his or her obligation to file periodic campaign statements by filing a statement of termination (Form 410). (Section 84214, Regulation 18404.)

Under section 84100 and regulation 18427, subdivision (a), it is the duty of a

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

committee's treasurer to ensure that all requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds, are complied with. A committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5 and 91006.)

### **SUMMARY OF THE FACTS**

Respondent Michael Morgan, a member of the Camarillo City Council, was an unsuccessful candidate for the Ventura County Board of Supervisors in the election held on November 7, 2000. Respondent Morgan for Supervisor was the controlled committee of Respondent Morgan. Respondent Donna Morgan served as treasurer of Respondent Committee. This matter arose out of a referral from the Ventura County Clerk and Recorder's office. During the election, Respondents received contributions totaling \$54,000 and made expenditures totaling \$70,000.

As a candidate, Respondent Michael Morgan, along with his controlled committee, had a duty to file a semi-annual campaign statement by July 31, 2001, for the reporting period January 1 through June 30, 2001. However, Respondents did not file the required campaign statement by the July 31, 2001 due date. On February 6, 2002, the Ventura County Clerk and Recorder's office sent a letter to Mr. Morgan notifying him that the semi-annual campaign statement had not been received. After receiving no response to the February 6, 2002 letter, on March 15, 2002, the county clerk and recorder's office sent a second letter to Mr. Morgan notifying him that the semi-annual campaign statement still had not been received. After receiving no response to the two letters, on April 26, 2002, the matter was referred to the Commission.

On May 7, 2002, Political Reform Consultant Linda Moureaux spoke with Mr. Morgan and advised him to file the semi-annual campaign statement. However, Respondents did not file the semi-annual campaign statement in response to Ms. Moureaux's request. On March 19, 2003, Commission Investigator Sandra Buckner spoke with Mr. Morgan and advised him to file the semi-annual campaign statement. On June 10, 2003, Respondents filed the late campaign statement. On the semi-annual campaign statement, Respondents disclosed that they received contributions totaling \$700, and made expenditures totaling \$875 during the period covered by the statement.

By failing to timely file a semi-annual campaign statement by July 31, 2001, for the reporting period January 1 through June 30, 2001, Respondents violated section 84200, subdivision (a).

### **CONCLUSION**

This matter consists of one count of violating section 84200, subdivision (a), which carries a maximum administrative penalty of Five Thousand Dollars (\$5,000).<sup>2</sup>

However, for violations occurring after January 1, 2001, the typical stipulated

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<sup>2</sup> On January 1, 2001, the maximum administrative penalty amount increased from Two Thousand Dollars (\$2,000) to Five Thousand Dollars (\$5,000) for violations occurring after that date.

administrative penalty for the violation of failing to timely file a post-election semi-annual campaign statement has ranged from \$1,500 to \$2,500. In this matter, as Mr. Morgan was familiar with the requirements of the Act, imposition of an administrative penalty in the middle of the penalty range is appropriate.

Accordingly, the facts of this case justify imposition of the agreed upon penalty of \$2,000.